



2002

Massachusetts

Department of

Revenue

# Schedule FEC Full Employment Credit

Name

Federal ID or Social Security number

## General Information

**1** Type of business for which credit is being claimed (check only one):

- ☐ Sole Proprietorship   ☐ Partnership   ☐ S Corporation   ☐ Corporate Trust   ☐ Financial Institution  
☐ Insurance Company   ☐ Corporation   ☐ Trust   ☐ Public Service Corporation  
☐ Corporation included in a combined return (enter name and Federal ID number of principal reporting company):

☐ Other (specify):**2** S Corporations only (check applicable box): (a) ☐ Corporation claiming credit (b) ☐ Shareholders claiming credit**3** Type of return this schedule is filed with:

## Computation of the Full Employment Credit. Use additional paper, if necessary.

<b>4</b> Name(s) of qualified employee(s) that participate in the Full Employment Program	<b>a.</b> Social Security number(s)	<b>b.</b> Date eligible	<b>c.</b> Number of months of eligible employment (not to exceed 12)	<b>d.</b> Number of months eligible (col. c) during 2002
<b>5</b> Total number of months of eligible employment			<b>5</b>	
<b>6</b> Available current-year Full Employment Credit (FEC). <i>Multiply line 5 by \$100</i>			<b>6</b>	

## Taxpayers Subject to Tax Under MGL Ch. 62

<b>7</b> Total tax for determining allowable credit. Form 1, line 29; Form 1-NR/PY, line 31; Form 2, line 42; Form 3F, line 24	<b>7</b>	
<b>8</b> Total of Limited Income Credit, Credit for Taxes Paid to Other Jurisdictions, Energy Credit, Lead Paint Credit, Economic Opportunity Area Credit, Septic Credit, Low Income Housing Credit and Brownfields Credit	<b>8</b>	
<b>9</b> Subtract line 8 from line 7. Enter result. Not less than "0"	<b>9</b>	
<b>10</b> FEC available this year. Add line 6 and prior years unused FEC (from 2001 Schedule FEC, line 25)	<b>10</b>	
<b>11</b> Credit allowable for use in current year. If line 9 is less than line 10, enter amount from line 9; otherwise, enter amount from line 10. Also enter in Form 1 or Form 1-NR/PY, Schedule Z, line 11; Form 2, line 43; or Form 3F, line 27	<b>11</b>	

## Taxpayers Subject to Tax Under MGL Ch. 63

<b>12</b> Total corporate excise. Form 355, Computation of Excise, line 5; Form 355S, Computation of Excise, line 8; or Form 355C, Schedule E, line 25; or Form 355SC, line 7	<b>12</b>	
<b>13</b> Enter the amount from Schedule H, line 27, column b	<b>13</b>	
<b>14</b> Enter the amount from either Schedule RC, line 27 or Schedule RC-A, line 30	<b>14</b>	
<b>15</b> Enter the amount from Schedule HM, line 15	<b>15</b>	
<b>16</b> Enter the amount of Low-Income Housing Credit	<b>16</b>	
<b>17</b> Add lines 13 through 16. Enter result.	<b>17</b>	
<b>18</b> Subtract line 17 from line 12. Enter result.	<b>18</b>	
<b>19</b> Minimum corporate excise	<b>19</b>	456
<b>20</b> Maximum allowable FEC. Subtract line 19 from line 18. If "0" or less, you do not qualify for a credit this year, enter "0" in line 22.	<b>20</b>	
<b>21</b> FEC available this year. Add line 6 and prior year's unused FEC (from 2001 Schedule FEC, line 25)	<b>21</b>	
<b>22</b> Enter the smaller of line 20 or line 21 here and on the Computation of Excise	<b>22</b>	

## Carryover to Future Years

**23** Complete only if line 10 is more than line 11 or line 20 is more than line 22.

Year	a. Unused credits from prior years and current year credit	b. Portion used this year	c. Unused credit available Subtract col. b from col. a	
			Amount	For
1998	(2001 Sch. FEC, line 24)			2003
1999	(2001 Sch. FEC, line 24)			2003-2004
2000	(2001 Sch. FEC, line 24)			2003-2005
2001	(2001 Sch. FEC, line 24)			2003-2006
2002	(2002 Sch. FEC, line 6)			2003-2007
<b>24</b> Totals				

# Schedule FEC Instructions

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## General Information

### What Is the Full Employment Credit?

Legislation provides for a Full Employment Credit (FEC) to provide paid work experience and on-the-job training. Qualified employers may claim the credit for months of eligible employment beginning on or after November 1, 1995.

### What Is Eligible Employment?

Eligible employment is the number of full calendar months a participant has been employed after any state subsidy paid to the qualified employer for employing that participant under the FEC has expired.

### Who May Claim the Credit?

Every qualified employer who participates in the Full Employment Program and continues to employ a participant for at least one full month after any Full Employment Program subsidy for that participant has expired may claim the FEC. Qualified participants and employers are those who participate in the Full Employment Program under the rules of the Department of Transitional Assistance (DTA).

### How Do You Compute the Credit?

A qualified employer may claim the FEC equal to \$100 per month of eligible employment per participant. The maximum amount of credit that may be claimed in all taxable years with respect to each participant is \$1,200.

### Are There Limitations to the Credit?

Yes. The FEC may not be applied to reduce any minimum excise under Ch. 63. Also, a qualified employer that participates in the filing of a combined Massachusetts return of income may apply the FEC against the portions of the combined group's excise liability attributable to the qualified employer, determined in accordance with the provisions of 830 CMR 63.32B.1(8), and **not** against the excise liability of other group members. In determining the amount of the FEC allowable for a taxable year, the 50% limitation imposed by Ch. 63, sec. 32C does not apply.

### Can the FEC Be Used in Combination with Other Credits?

Yes. The FEC may be applied in combination with other credits allowed under Ch. 63 or sec. 6 of Ch. 62 in any order.

### May Excess Credits Be Carried Over From Year to Year?

Yes. Any portion of the FEC that cannot be applied in a taxable year may be carried over to the next taxable year, for a maximum of five successive taxable years.

## Special S Corporation Rules

### Claiming the Credit

A qualified Massachusetts S corporation employer taxable in any year under Ch. 63 may take the FEC for the taxable year against either or both the income or non-income measure of the corporate excise. Alternatively, the credit from such taxable year may be passed through to shareholders on a pro-rata basis. These alternatives are mutually exclusive.

### Carryover of an S Corporation's Unused Credit

If an S corporation claims the FEC for a taxable year against its corporate excise liability, any unused credit from that year may be carried over by the S corporation only and applied only against its corporate excise liability for a maximum of five successive taxable years.

### Carryover of Shareholders' Unused Credit

If an S corporation passes the FEC for a taxable year through its shareholders, any unused credit from that year may be carried over only by the shareholder and applied only against its Ch. 62 personal income tax liability for a maximum of five successive taxable years, regardless of whether the shareholder maintains an interest in the corporation in the taxable year in which the carryover credit is applied.

## Line Instructions

### Taxpayers Subject to Tax under MGL Ch. 62

**Line 7.** Enter your total tax from Form 1, line 29; Form 1-NR/PY, line 33; Form 2, line 42; or Form 3F, line 24.

**Line 8.** Add the Limited Income Credit, Credit for Taxes Paid to Other Jurisdictions, Energy Credit, Lead Paint Credit, Economic Opportunity Credit, Septic Credit, Low-Income Housing Credit and Brownfields Credit, if any. Enter result in line 8.

**Line 10.** Add line 6 and prior years unused FEC (from 2001 Schedule FEC, line 25). This is the total of the FEC available this year.

**Line 11.** If line 9 is greater than or equal to line 10, enter line 10. If line 9 is less than line 10, enter line 9.

Enter the amount from line 11 on Form 1, Schedule Z; Form 1-NR/PY, Schedule Z; Form 2, line 43; or Form 3F, line 27.

### Taxpayers Subject to Tax under MGL Ch. 63

**Line 12.** Enter the amount of corporate excise from Form 355, Computation of Excise, line 5; Form 355S, Computation of Excise, line 8; or Form 355C, Schedule E, line 25; or Form 355SC, line 7.

**Line 20.** Subtract line 19 from line 18. If "0" or less, you do not qualify for a current-year FEC. Enter "0" in line 22.

**Line 22.** Enter the smaller of line 20 or line 21 here and on the Computation of Excise.